

Message Text

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63/51

ACTION AID-05

INFO OCT-01 EA-06 ISO-00 AGR-05 SWF-01 EB-04 L-01 IGA-01

CIAE-00 DODE-00 INR-05 NSAE-00 PA-01 RSC-01 USIA-06

PRS-01 SP-02 COME-00 OMB-01 CIEP-01 TRSE-00 /042 W

----- 097049

R 230950Z OCT 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 9762

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMCONSUL DANANG

AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL CAN THO

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C O R R E C T E D C O P Y (DECONTROL DATE DECEMBER 31, 1975
VICE DECEMBER 31,1974)

PASS FAS/AMS/USDA

E.O. 11652: NA

TAGS: ECRP VS

SUBJ: RICE SITREP FOR SEPTEMBER 1974 CERP 4012

REF: SAIGON 12447

1. SUMMARY. SHIPMENT OF THE 40,000 MT PL-480 RICE LOAN TO CAMBODIA IS NOW EXPECTED TO BE COMPLETED BY MID-NOVEMBER. APPARENT CONSUMPTION REMAINS LOW REFLECTING, ACCORDING TO MERCHANTS, DIMINISHED ACTUAL CONSUMPTION IN THE DEFICIT AREA AND, WE BELIEVE, A DRAWDOWN ON PRIVATE STOCKS IN CENTRAL VIETNAM WHICH WERE HASTILY BUILT UP EARLIER THIS YEAR AND WHICH ARE NOT COUNTED IN OUR STOCK DATA. PADDY PRICES REMAIN IN A SLIDE WHILE RICE
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PRICES HAVE RECOVERED, AT LEAST TO SEPTEMBER 1 LEVELS.

2. END SEPTEMBER SAIGON AND CENTRAL VIETNAM STOCKS (1,000MT)

SAIGON IMPORTED	74.3
SAIGON DOMESTIC	33.8
SAIGON PRIVATE	12.0
DEFICIT PROVINCE	122.5

242.6

3. SEPTEMBER APPARENT CONSUMPTION (1,000 MT)

BEGINNING STOCKS	263.3
DELTA DELIVERIES (ADJUSTED)	30.0
IMPORTS	0
TOTAL AVAILABLE	293.3
MINUS END SEPTEMBER STOCKS	242.6
SEPT APPARENT CONSUMPTION	50.7

4. AS OF SEPTEMBER 30, 10,100 MT OF THE 40,000 MT PL-480 RICE LOAN TO CAMBODIA HAD BEEN SHIPPED. AS OF OCTOBER 17, THE FIGURE IS 20,000 MT. WE NOW EXPECT THE SHIPMENT TO BE COMPLETED BY MID-NOVEMBER.

5. REPORTED DELTA DELIVERIES FOR SEPTEMBER WERE ONLY 22,800 MT. WE HAVE AGAIN ADJUSTED THIS FIGURE TO 30,000 MT TO ACCOUNT FOR INDIVIDUAL SHIPMENTS OF 500 KG OR LESS WHICH ARE NOT REGISTERED.

6. AMONG THE OTHER REASONS OUTLINED FOR THE CONTINUING LOW VOLUME OF DELTA DELIVERIES IS THE FACT THAT MERCHANTS ARE BEING THREATENED WITH INCREASED INCOME TAXES AND BEING BILLED FOR BACK TAXES. LAWYERS FOR SAIGON MERCHANTS ARE NEGOTIATING WITH THE DIRECTORATE GENERAL OF TAXATION, BUT UNTIL AGREEMENT IS REACHED, MERCHANTS SAY THEY ARE AVOIDING ANY UNNECESSARY TRANSACTIONS.

7. LOW APPARENT CONSUMPTION FOR THE LAST 5 MONTHS IS INVARIABLY ATTRIBUTED BY MERCHANTS TO DECLINING ACTUAL CONSUMPTION IN THE DEFICIT AREA. MERCHANTS POINT TO PRESS REPORTS OF POVERTY AND DIET SWITCHES FROM RICE TO MANIOC AND POTATOES. WE AGREE WITH LIMITED OFFICIAL USE

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THIS ASSESSMENT TO SOME EXTENT BUT ALSO BELIEVE THAT THERE HAS BEEN A DRAWDOWN ON PRIVATE CVN MERCHANT STOCKS WHICH WERE HASTILY BUILT UP IN APRIL-MAY WHEN IT WAS RUMORED THAT INTEREST RATES FOR CVN MERCHANTS WERE GOING TO BE RAISED AND WHICH ARE NOT COUNTED IN OUR STOCK FIGURES. ONE IMPORTANT MERCHANT OFFERED THE OPINION THAT NVA PURCHASES OF RICE IN CVN HAVE FALLEN OFF AND THAT COMMUNISTS ARE LIVING OFF PREVIOUSLY BUILT-UP STOCKS.

8. WHILE IT IS STILL TOO EARLY TO PREDICT THE SIZE OF THE 74-75 HARVEST IN THE DELTA, YIELDS FROM THE EARLY TN HARVEST HAVE BEEN LOWER THAN LAST YEAR. AN MTI REPORT CALCULATED LAST YEAR'S EARLY TN YIELD AT AN AVERAGE OF 3.5 MT PER HECTARE, WHILE THIS YEAR'S HAS BEEN FIGURED AT 3.3 MT PER HECTARE. STILL, THE TOTAL TN CROP MAY BE BETTER THAN LAST YEAR BECAUSE OF INCREASED HECTARAGE. UNCERTAINTIES ABOUT THE MAIN HARVEST REFLECT CONCERN OVER LATE RAINS ON THE EASTERN DELTA COAST, FLOODING IN THE NORTHWEST DELTA, AND THE EFFECTS OF REDUCED USE OF FERTILIZER AND INSECTICIDES.

9. PRICES

A. DELTA PADDY AT THE MILL (WEIGHTED AVERAGE PER 100 KILOS)

	JAN 1	JUL 1	AUG 1	SEPT 1	OCT 1
HIGH QUALITY	10,042	12,604	14,442	14,224	13,372
MEDIUM QUALITY	9,209	12,153	13,322	13,134	12,592

B. SAIGON WHOLESALE RICE PRICES (100 KILOS)

	JAN 1	JUL 8	SEPT 2	SEPT 23	SEPT 30	OCT 14
NANG HUONG	23,800	22,800	24,000	23,500	23,600	23,800
SOC NAU	15,300	18,800	20,100	19,600	19,800	20,000
NO. 1, 25						
PERCENT	14,700	18,100	19,000	18,600	18,800	19,100
MIRACLE						
RICE	14,200	17,700	18,200	17,800	17,900	18,300

C. SAIGON RETAIL RICE PRICES (100 KILOS)

	JAN 1	JUL 8	SEPT 2	SEPT 23	SEPT 30	OCT 14
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NANG HUONG	24,800	24,800	25,500	24,800	24,500	25,000
SOC NAU	17,300	20,000	21,000	20,500	20,600	21,000
NO. 1, 25						
PERCENT	16,500	18,800	19,600	19,400	19,600	19,900
US MEDIUM	16,200	18,800	19,600	19,500	19,500	19,800
US LONG	17,200	19,800	20,500	20,500	20,500	20,600

10. WHILE PADDY PRICES CONTINUED TO DECLINE THROUGH SEPTEMBER INFLUENCED BY SALES OF NEW TN PADDY HARVESTED DURING THE RAINY SEASON, RICE PRICES HAVE BEGUN A SLOW CLIMB BRINGING PADDY AND MILLED PRICES MORE IN BALANCE. NFA HAS ESTABLISHED A NUMBER OF PILOT STATIONS IN THE DELTA WHERE THEY BUY PADDY DIRECTLY FROM FARMERS. DELTA MERCHANTS FROM WHICH NFA ALSO BUYS PADDY, COMPLAIN THAT NFA PADDY PURCHASE PRICES ARE TOO HIGH IN COMPARISON WITH ITS RICE PURCHASE PRICES, AND THAT IF A MERCHANT PAID

NFA PRICES FOR PADDY AND SOLD MILLED RICE TO NFA HE WOULD TAKE
A LOSS. AS A RESULT, SOME MERCHANTS SAY THEY ARE SELLING PADDY
TO NFA. STILL, THE TOTAL AMOUNT OF PADDY NFA HAS BOUGHT UNDER
THIS NEW SYSTEM IS NOT SIGNIFICANT.

DECON FOLLOWING DECEMBER 31, 1975.
MARTIN

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NNN

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